

House Study Bill 619 - Introduced

HOUSE FILE _____

BY ALONS, CHAMBERS, QUIRK, and
SODERBERG

A BILL FOR

1 An Act concerning choice of automobile repair facilities under
2 automobile liability insurance policies.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 516B.4 Choice of automobile repair
2 facilities.

3 1. An insurer transacting business in this state,
4 including its producers and adjusters, that issues or renews an
5 automobile liability policy shall not do any of the following:

6 a. Require that a claimant under the policy use a particular
7 automobile repair business or location for an estimate or a
8 repair.

9 b. Engage in any act or practice that intimidates, coerces,
10 or threatens a claimant or that provides an incentive or
11 inducement for a claimant to use a particular automobile repair
12 business or location.

13 2. An insurer transacting business in this state,
14 including its producers and adjusters, that issues or renews
15 an automobile liability policy is entitled to have access
16 to a claimant's automobile for the purpose of preparing a
17 competitive repair estimate.

18 3. If an insurer has a direct repair program with automobile
19 repair businesses or locations, the insurer shall not limit the
20 number of automobile repair businesses or locations with whom
21 it maintains a direct repair program except that an insurer may
22 limit the number of automobile repair businesses or locations
23 participating in the insurer's direct repair program to
24 those automobile repair businesses or locations that meet the
25 requirements of subsection 4. An insurer is not required to
26 establish a direct repair program in a particular market area
27 where the insurer's number of policyholders does not support
28 establishing a direct repair program in that area.

29 4. If an insurer has a direct repair program, the insurer,
30 upon request, shall provide to a claimant, without prejudice or
31 bias, a list of all automobile repair businesses or locations
32 that are reasonably close or convenient to the claimant
33 and willing to provide services and that meet the insurer's
34 criteria for participation in its direct repair program by:

35 a. Possessing the equipment necessary to undertake repairs.

1 *b.* Undertaking training of management and technical
2 personnel with respect to repair information and the claims
3 process.

4 *c.* Agreeing to perform quality repairs at market price and
5 that meet industry quality repair standards.

6 *d.* Agreeing to warrant the quality of work including
7 refinishing, in writing, to the claimant or insured, for a
8 period of not less than one year from the date of repair.

9 *e.* Agreeing to inspection of their repairs and services by
10 the insurer and agreeing that the insurer may terminate the
11 direct repair program with the automobile repair business or
12 location if the repair and services provided are below the
13 standards of quality required by the automotive industry.

14 *f.* If requested, agreeing to execute an agreement with
15 the insurer that may contain additional criteria that are not
16 designed to unfairly limit the number of automobile repair
17 businesses or locations with whom the insurer maintains direct
18 repair programs. The additional criteria may include criteria
19 determined to be necessary by the insurer and designed to
20 ensure that the automobile repair business or location has
21 the necessary estimating systems and programs and equipment
22 to communicate electronically with the insurer and that the
23 automobile repair business or location has taken steps to
24 ensure the privacy of the insurer and the claimant. However,
25 the insurer shall not abrogate the right of an automobile
26 repair business or location to purchase parts or supplies from
27 any vendor, at the sole discretion of the automobile repair
28 business or location.

29 5. An insurer transacting business in this state,
30 including its producers and adjusters, that issues or renews
31 an automobile liability policy shall not abrogate the right of
32 a claimant to use any automobile repair business or location
33 at the claimant's sole discretion, and the insurer shall pay
34 for the reasonable and necessary cost of the automobile repair
35 services for covered damages, less any deductible under the

1 terms of the policy. This section does not require an insurer
2 to pay more for automobile repair services than the market
3 price.

4 6. For the purposes of this section:

5 a. "*Automobile repair business or location*" does not include
6 a business or location that exclusively provides automobile
7 glass replacement, glass repair services, or glass products.

8 b. "*Claimant*" means a person seeking repair of an automobile
9 whether that person is the insured person or a third party
10 making a claim against the insurer.

11 c. (1) "*Market price*" means either of the following:

12 (a) The price agreed upon between the insurer and the
13 policyholder or the service provider.

14 (b) The price that is reasonable within the market of the
15 local area where the repair or replacement is being performed.

16 (2) The market price shall not be less than the cost of the
17 repair or replacement work to the service provider.

18 Sec. 2. NEW SECTION. 516B.5 **Automobile glass repair —**
19 **prohibited activities.**

20 1. An insurer transacting business in this state,
21 including its producers and adjusters, that issues or renews
22 an automobile liability policy shall not, individually or with
23 others, directly or indirectly, do any of the following:

24 a. Establish an agreement with any person to act as a glass
25 broker for the insurer under which the glass broker sets a
26 price that must be met by a glass repair shop as a condition for
27 doing glass replacement or glass repair work for the insurer.

28 b. Establish an agreement with a glass broker that requires
29 a glass repair shop to bill through a glass broker as a
30 condition of doing glass replacement or glass repair work for
31 the insurer.

32 c. Establish a price that must be met by a glass repair
33 shop as a condition for doing glass replacement or glass repair
34 work for the insurer that is below the market price as defined
35 in section 516B.4.

1 must pay the reasonable and necessary cost of the repair
2 service for covered damages, less any deductible under the
3 terms of the policy. This section does not require an insurer
4 to pay more for repairs than the market price.

5 An insurer may have a direct repair program and provide to a
6 claimant, upon request, a list of participants in the direct
7 repair program that are reasonably close or convenient to the
8 claimant and that meet criteria, as specified in the bill, for
9 participation in the program.

10 An insurer is prohibited from infringing on the right of an
11 automobile repair business or location to purchase parts or
12 supplies from a vendor of its choice.

13 New Code section 516B.5 prohibits an automobile liability
14 insurer from establishing an agreement with any person to
15 act as a glass broker for the insurer under which the glass
16 broker sets a price that must be met by a glass repair shop
17 as a condition for doing glass repair or replacement work
18 for the insurer, that requires a glass repair shop to bill
19 through a glass broker as a condition of doing glass repair or
20 replacement work for the insurer, or that establishes a price
21 that must be met by a glass repair shop that is below the market
22 price as a condition of doing business with the insurer. An
23 insurer is prohibited from establishing an agreement with a
24 glass broker that has any affiliation or relation to or with
25 manufacturing, distribution, wholesaling, or retailing of
26 automobile glass, including windshield repair resin and tool
27 manufacturers, distributors, wholesalers, and retailers.

28 An automobile liability insurer is also prohibited from
29 requiring an insured to use a particular company or location
30 for providing automobile glass replacement, glass repair
31 services, or glass products pursuant to the policy. An insurer
32 is not required to pay more than the market price for such
33 services.

34 For the purposes of Code section 516B.5, a "glass broker"
35 means an automobile glass company that acts as a third-party

1 agent for an automobile liability insurer whenever the company
2 enters into agreements with other automobile glass dealers to
3 provide glass replacement or repair services or glass products
4 for the insurer.

5 For the purposes of the bill, "market price" means either the
6 price agreed upon between the insurer and the policyholder or
7 the service provider, or the price that is reasonable within
8 the market of the local area where the repair or replacement is
9 being performed. The market price cannot be less than the cost
10 of the repair or replacement to the service provider.